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IN THE
Supreme Court of the United States
OCTOBER TERM, 1987

BONITO BOATS, INC.,
Petitioner,

v.

THUNDER CRAFT BOATS, INC.,
Respondent.

BRIEF AMICI CURIAE OF THE ORANGE COUNTY PATENT LAW ASSOCIATION AND THE LOS ANGELES PATENT LAW ASSOCIATION IN SUPPORT OF PETITIONER

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BRIEF OF THE ORANGE COUNTY PATENT LAW ASSOCIATION AND LOS ANGELES PATENT LAW ASSOCIATION

INTEREST OF AMICI CURIAE

This brief amici curiae in support of Petitioner Bonito Boats, Inc. is submitted on behalf of the Orange County Patent Law Association (OCPLA) and the Los Angeles Patent Law Association (LAPLA). The OCPLA is an organization in Orange County, California of attorneys and other individuals interested in intellectual property law. The LAPLA is an organization in Los Angeles, California of attorneys and other individuals interested in intellectual property law.[1]

In this brief, Amici provide the Court with information demonstrating that states have significant interests in formulating intellectual property laws, and such laws, particularly those related to restrictions on unauthorized plug molding, are not preempted by existing federal statutes.

SUMMARY OF ARGUMENT

This case raises important questions of federally imposed limitations on state powers to provide protection for intellectual property rights. The Florida Supreme Court has found[2] a narrowly drafted Florida state statute[3] regulating the molding of boat hulls to be unconstitutional as preempted

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[1]The qualifications of the OCPLA and LAPLA as Amici are set forth in the Appendix I to this Brief.

[2]*Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 515 So.2d 220 (Fla. 1987).

[3]Fla. Stat. Ann. § 559.94 (West 1988).

by the federal patent laws. It disagreed with an opinion[4] by the U.S. Court of Appeals for the Federal Circuit which found a similar state statute to be valid and not preempted by the federal patent laws.

States do not offend the supremacy of federal laws by enacting or enforcing state laws, generally referred to as plug molding laws, that regulate the unauthorized duplication of products using a direct contact molding process. States have traditionally exercised powers to prevent misappropriation and unfair competition, without conflict with federal laws. Unauthorized plug molding has been recognized as a significant problem by many states, and narrowly tailored statutes have been crafted to protect public and private interests, without unduly restricting the free flow of ideas in the public domain. Such state plug molding laws do not conflict with the federal patent laws. Also, the federal copyright statutes do not preempt state plug molding laws which involve subject matter not covered by copyright, establish rights which are not equivalent to copyright, and require extra elements for a cause of action not required in copyright actions.

ARGUMENT

I. THE STATES HAVE A VITAL ROLE TO PLAY IN PROVIDING INTELLECTUAL PROPERTY PROTECTION CONSISTENT WITH THE FEDERAL SYSTEM.

In 1964, shock waves were sent throughout the entire body of state unfair competition law. This was caused by the *"Sears–Compco* doctrine". *Sears, Roebuck & Co. v.*

[4] *Interpart Corp. v. Imos Italia, Vitaloni, S.p.A.*, 777 F.2d 678 (Fed. Cir. 1985).

Stiffel Co., 376 U.S. 225 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

The severe dislocations caused by the broad language of the opinions in the Court's 1964 *Sears–Compco* decisions have been analogized to a federal glacier suddenly lurching down an Alpine valley and destroying several familiar state law landmarks which had existed for many years. McCarthy, *Important Trends in Trademark and Unfair Competition Law During the Decade of the 1970s*, 71 Trademark Rep. 93 (1981). Viewed with the benefit of hindsight, the *Sears–Compco* decisions exist on two levels: the specific holding and the broad and sweeping dictum. For example, the Court made the following sweeping observation: "Today we have held ... that when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article." *Compco*, 376 U.S. at 237.

This and other similarly broad statements of principle in the *Sears–Compco* opinions were susceptible of meaning that if an innovator had no valid federal patent or copyright, it had no protection under *any* body of law, state or federal. Federal law was the exclusive source of intellectual property protection. Innovators whose creations were not clearly protected by federal patent or copyright statutes were deprived of recourse to the forum of the State legislatures or the creation of State common law by the judiciary. The ruling generalization was that "only federal rights count."

However, with the passage of time, unreasonable and unfair results were seen to flow from a literal reading of the "federal only" generalizations of *Sears-Compco*. *See, e.g., Columbia Broadcasting System v. DeCosta*, 377 F.2d 315 (1st Cir. 1967), *cert. denied*, 389 U.S. 1007 (1967) (holding that an entertainer who proved that CBS stole his "Paladin" characterization for use in a TV series had no state

law remedy because he had no federal protection). Beginning in 1973, this Court began to step back from the overly broad "federal only" policies implicit in the *Sears–Compco* dictum. In *Goldstein* in 1973, this Court held that the states can prevent the misappropriation of pre-1972 recorded performances (tape and record piracy) even though prior to 1972, federal copyright law did not protect such performances. *Goldstein v. California*, 412 U.S. 546 (1973). In *Kewanee* in 1974, this Court held that federal patent law in no way preempted state power to protect trade secrets in inventions, whether patentable under federal law or not. *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974). The Court viewed Congressional failure to pass a federal trade secret law as a green light for the States. Similarly, the failure of Congress to pass a special plug molding federal law should be seen as a green, not a red light, for the States to act to prevent unfair competition.

In *Zacchini* in 1977, this Court approved a state law prohibiting the infringement of the state law right of publicity in an entertainer's whole live act. *Zacchini v. Scripps–Howard Broadcasting Co.*, 433 U.S. 562 (1977). It was noted that a State's desire to protect against the taking of an entertainer's act is founded upon the same considerations and is not inconsistent with, federal patent and copyright laws. *See*, J. McCarthy, The Rights of Publicity and Privacy § 1.10[B] (1987). And in *Quick Point* in 1979, the Court upheld state contract law enforcing royalties to be paid for disclosure of a trade secret for as long as the secret was to be used by the licensee. *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257 (1979).

This Court's consistent movement away from the "federal only" generalizations of *Sears–Compco* is a rational and constructive endorsement of the basic principle that the States have an important role to play in the stimulation of

innovation and creativity through the creation of exclusive rights. This Court's decisions from *Goldstein* to *Quick Point* demonstrate judicial tolerance in our "bifurcated" system for state encouragement of fair competition and investment in technological and literary creations. Federal statutes should not be the sole and exclusive source of protection for innovative creations.

II. UNAUTHORIZED PLUG MOLDING IS A UNIQUE INFRACTION WHICH CAUSES DAMAGE, AND STATE LAWS EXIST FOR THE VALID PURPOSE OF NARROWLY PROHIBITING UNAUTHORIZED PLUG MOLDING.

It is not surprising that states should become concerned with unauthorized plug molding, or unauthorized direct contact molding. Molding is a well known manufacturing process, and as an example from the plastics industry, may be defined as the shaping of a plastic composition within or on a mold consisting of a cavity or matrix into or on which the plastic composition is placed or on which it takes form. J. Hull, *Molding*, in 9 Encyclopedia of Polymer Science and Technology 1, 5-6 (John Wiley & Sons, Inc. 1965). In the same context, "contact molding" can be defined as a process for molding reinforced plastics in which reinforcement and resin are placed on a mold and cured. *Id.* at 3. States which have provided protection from unauthorized plug molding have narrowed the focus even further to restrict only "plug" or "direct contact" molding in which an existing original item (manufactured by another) is used to directly impart its shape to a cavity or form which can then be used for producing duplicates. That is, the original manufactured item is used

for what is referred to as a "pattern"[5] as a part of the process of fabricating the tools used to make duplicates of the original item. Making an original pattern or plug can be very expensive and time consuming, whereas making a mold by direct contact molding can be much quicker and less expensive. In the case of boat hulls, an original manufacturer would have a large investment in preparing a pattern for a hull which had the desired precise shape, dimensions, tolerances, and surface finish; and states would have an interest in encouraging such investments and encouraging innovations in boat hull design.

Twelve states have recognized the importance of providing statutory protection against unauthorized plug molding. Florida, Indiana, Kansas, Louisiana, Maryland, Mississippi, Missouri, North Carolina and Wisconsin have enacted state statutes which prohibit the unauthorized plug molding of boats, vessels, or various types of watercraft.[6]

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[5]The term "pattern" has a specialized meaning in this context, drawn from the historical usage in metal casting in which patterns are solid objects used to make mold cavities when sand is packed around a pattern. C. Loper, E. Crane, E. Shifrin, S. Kalpakjian, J. Broadston & R. Perkins, *Shop Processes*, in Mark's Standard Handfbook for Mechanical Engineers 13-2 (E. Avallone & T. Baumeister 9th ed. 1987). Patterns are very important because the items produced by molding can be no better than the pattern, and the pattern serves to define the precise shape, accurate dimensions, close tolerances, and desired surface finish. *Id.* The term "plug" is sometimes used to refer to a molding pattern.

[6]Fla. Stat. Ann. § 559.94 (West 1988); Ind. Stat. Ann. §§ 24-4-8-1–24-4-8-7 (Supp. 1988) (protecting "watercraft"); Kan. Stat. Ann. § 50-802 (Supp. 1987); La. Rev. Stat. Ann. §§ 51:462–51:462.2 (1987) (protecting "vessel hulls"); Md. Ann. Code § 11-1001 (Supp. 1987) (protecting "vessel hulls"); Miss. Code Ann. § 59-21-41 (Supp. 1987); Mo. Ann. Stat. Stat. § 306.900 (Vernon 1988) (protecting "vessel hulls"); N.C. Gen Stat. §§ 75A-27–75A-31 (1987) (providing protection for only the first ten years of production of a boat hull); Wis. Stat. Ann. § 134.34 (West Supp. 1987) (protecting "vessel hulls").

California, Michigan, and Tennesee have enacted statutes which are not limited to boats, vessels, or watercraft, but which prohibit unauthorized plug molding of manufactured items.[7] Although the statutes have not been in effect for a long time, there have been numerous reported decisions involving the statutes besides the instant dispute. *See, Interpart Corp. v. Imos Italia, Vitaloni, S.p.A.*, 777 F.2d 678 (Fed. Cir. 1985); *Brahma, Inc. v. Joe Yeargain, Inc.*, 665 F. Supp. 1447 (N.D. Ca. 1987); *Metro Kane Imports, Ltd. v. Rowoco, Inc.*, 618 F. Supp. 273 (S.D.N.Y. 1985). Therefore, the question presented to this Court concerning the constitutionality of the Florida statute will have a great impact on the laws of many states, and on many disputes between parties not before this Court.

State plug molding statutes do not foreclose the legitimate copying of boat hulls or other items by conventional reverse engineering techniques. Competitors are free to measure, compare, evaluate, and analyze each other's products; and even to duplicate such products precisely, so long as direct contact molding methods are not used. State plug molding statutes are properly focused on narrow protections for the work done in producing a mold pattern, while leaving wholly unprotected (and open for federal protection) the intellectual concepts and ideas which may be embodied in the molded product.

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[7]Cal. Bus. & Prof. Code §§ 17300–17301 (West 1987); Mich. Comp. Laws §§ 445.621–445.624 (Mich. Stat. Ann. §§ 18.620(1)–18.620(4) (Callaghan 1986)); Tenn. Code Ann. § 47-50-111 (1984).

III. STATE PLUG MOLDING STATUTES ARE IN HARMONY WITH THE U.S. CONSTITUTION AND FEDERAL STATUTES, AND ARE NOT PREEMPTED.

This Court has set forth the criteria for the federal–state balance embodied in Supremacy Clause[8] jurisprudence in *Hillsborough County v. Automated Medical Laboratories,* 471 U.S. 707 (1985). Absent express statements of Congress' intent to preempt all state law in a field, the evaluation of preemption is left to inference based on the comprehensiveness of the federal regulation, or on the dominance of the federal interest. *Id.* at 713. Also, state law is nullified to the extent that it conflicts with federal law by either making compliance with both impossible, or when the state law is an obstacle to execution of the purposes and objectives of federal law. *Id. Hillsborough* concluded that Florida regulation of blood plasma centers did not interfere with the federal objective of encouraging an adequate supply of blood plasma, and was not not preempted despite extensive federal regulation and interest in blood collection regulation. *Id.* at 721. *Hillsborough* followed this Court's decision in *Florida Lime & Avocado Growers v. Paul,* 373 U.S. 132 (1963) which upheld a California regulation of avocado maturity standards, and stated "federal regulation in a field of commerce should not be deemed preemptive of state regulatory power in the absence of persuasive reasons — either the nature of the regulated subject matter permits no other conclusion, or that the Congress has unmistakably so ordained." *Id.* at 142. Both *Hillsborough* and *Florida Lime* paid careful attention to the analysis in *Hines v. Davidowitz,* 312 U.S. 52 (1941), and concluded in both cases that the challenged state regulations did not stand "as an obstacle to

[8]U.S. Const. art. VI, cl. 2.

the accomplishment and execution of the full purposes and objectives of Congress." *Id.* at 67.

The Florida state boat hull molding law challenged in this case is not contrary to the federal patent and copyright laws, and does not interfere with the supremacy of those federal laws.

Federal patent and copyright laws have been enacted pursuant to the patent and copyright clause which provides that "The Congress shall have Power...To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. 1, § 8. President Washington urged the First Congress to enact a patent statute by empasizing "the expediency of giving effectual *encouragement,* as well as to the introduction of new and useful inventions from abroad, as to the exertions of skill in producing them at home."(emphasis added).[9] This Court has found the intent of the patent and copyright clause as follows:

> The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in "Science and useful Arts." Sacrificial days devoted to such creative activities deserve rewards commensurate with the services rendered.[10]

[9]H. Forman, *Two Hundred Years of American Patent Law,* in Two Hundred Years of English and American Patent, Trademark and Copyright Law 28 (Am. Bar Ass'n 1977).

[10]*Mazer v. Stein,* 347 U.S. 201, 219 (1954). *Mazer* found that a functional lamp base shaped like a Balinese dancer was copyrightable, even though the lamp base was useful as well as decorative.

Florida, and other states, may provide protection to boat hull manufacturers and others without interfering with the system of incentives and rewards envisioned under the Constitution.

A decision restricting an Ohio state law "right of publicity" on federal grounds was reversed by this Court in *Zacchini v. Scripps–Howard Broadcasting Co.*, 433 U.S. 562 (1977).[11] The decision in *Zacchini* included the above quotation from *Mazer*, and noted that although the patent and copyright laws regard a "reward to the inventor" to be a secondary consideration, "[t]he Constitution does not prevent Ohio from making a similar choice here in deciding to protect the entertainer's incentive in order to encourage the production of this type of work." *Id.* at 576-577. Although the decision in *Zacchini* focused on possible conflicts between the First Amendment and Ohio state law concerning a right of publicity, it also cited and briefly discussed the *Goldstein* and *Kewanee* preemption decisions. *Id.* at 577 n. 13.

Following the reasoning of *Zacchini*, the plug molding statutes enacted by Florida and other states encourage the production of works of benefit to the public, a purpose similar to the purpose of the patent and copyright clause.

Judge Giles Rich, in dicta for the Court of Customs and Patent Appeals, succinctly interpreted the intent of the patent and copyright laws with particular application to the concept of "public domain" often raised in preemption arguments:

> Patent laws function only to keep things *out* of the public domain temporarily. They have nothing to do with putting things into it. They say nothing about right to copy *or* right to use, they speak only in terms of right to *exclude*. "Public domain," moreover, is a question-begging legal concept. Whether or not things are in or out of the public domain and free or not free to be copied may depend on all sorts of legal concepts including patent law, antimonopoly policy and statutes, the law of unfair competition, copyright law, and the law of trademarks and trademark registration. What we really do is to determine these *legal* rights; then we may express the ultimate conclusion by saying something is in the "public domain" — or not in it.[12]

Therefore, it is not particularly meaningful to argue about whether the patent or copyright laws place all manufactured items not meeting federal protection standards into the "public domain" so as to preempt any state protection for those items under plug molding statutes.

A. Federal Patent Laws Do Not Preempt State Plug Molding Statutes.

The Florida Supreme Court reads the *Sears–Compco* opinions as precluding regulation of the manner of copying unpatented items.[13] The rationale set forth in those opinions dwells on monopoly and supports the view that this Court was there concerned only with precluding states from granting rights equivalent to those granted by the patent

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[11] The Court concluded in *Zacchini* that the First and Fourteenth Amendments did not require (i.e., the enforcement of an Ohio right of publicity was allowed) the State of Ohio to privilege the press in televising a "human cannonball" circus act on an 11 o'clock news program. *Id.* at 579.

[12] *Mine Safety Appliances Co. v. Electric Storage Battery Co.*, 405 F.2d 901, 902 n. 2 (C.C.P.A. 1969). *Mine Safety* held that it was unnecessary to consider *Sears* and *Compco* preemption arguments in a case upholding a refusal to register a trademark for the shape of a ribbed "hard hat" that had been the subject of a design patent. *Id.*

[13] *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 515 So.2d 220, 223 (Fla. 1987).

laws. Nothing in those opinions justifies extending them beyond such a holding.

Later decisions of this Court demonstrate that the Florida court was wrong in construing *Sears–Compco* to preclude states from regulating methods of copying unpatented items.

In *Kewanee*, this Court upheld state regulatory power over trade secrets as against a similar attack that the area was preempted by the patent laws under the rationale of *Sears–Compco*. In so doing, this Court held:

> Just as the States may exercise regulatory power over writings so may the States regulate with respect to discoveries. States may hold diverse viewpoints in protecting intellectual property relating to invention as they do in protecting the intellectual property relating to the subject matter of copyright. The only limitation on the States is that in regulating the area of patents and copyrights they do not conflict with the operation of the laws in this area passed by Congress.

Kewanee, 416 U.S. at 479.

Under trade secret laws, sanctioned by this Court in *Kewanee*, courts are at times called upon to determine that certain methods of copying are unfair or improper. For example, in *E. I. duPont deNemours & Co. v. Christopher*, 431 F.2d 1012 (5th Cir. 1970), *cert. denied*, 400 U.S. 1024 (1971), aerial photography was held to be an "improper means" of copying a methanol processing facility under construction. The *DuPont* court made this value judgment just as twelve legislatures have made the value judgment that plug molding is an improper means of copying. Thus, state notions of commercial ethics underlying such plug molding restrictions are not substantially different from those underlying common law trade secret protection, and it does not appear that the existence of patent laws is intended to

deprive the states of the ability to continue to recognize the increasingly high standards of commercial morality noted in *Du Pont*. *Id.* at 1015.

Even if such regulation is perceived as impinging somewhat on policies of federal patent law, the decisions of this Court indicate that some impingement may be tolerated. In *Kewanee*, this Court faced the argument that trade secret law permits keeping patentable inventions secret and conflicts in that respect with the patent law policy of encouraging the disclosure of inventions. In *Quick Point*, the Court upheld a contract for royalties for disclosure of an unpatented item, noting that such a contract "is even less offensive" to the patent laws than trade secret protection of unpatented devices upheld in *Kewanee*. *Quick Point*, 440 U.S. at 266. Thus, that a state law impinges to some extent on free copying of unpatented devices is insufficient to justify holding it preempted as an obstacle to federal patent laws.[14]

In this case, the first two purposes of the patent laws set forth in *Kewanee* and *Quick Point* are promoted by the state law at issue: plug molding statutes encourage the investment required to come up with new designs and also promote their disclosure. The patent law policy issue under scrutiny in

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[14] Advocates of federal preemption may argue that state plug molding statutes are preempted as, in effect, providing protection equivalent to the federal statutory protection provided by a "product by process" claim in a patent. The same argument would continue by stating that such state protection, which would provide design protection unlimited in duration, would conflict with the objectives of federal patent law. However, this argument can be seen to have no merit if the issue is correctly framed as whether state plug molding statutes would discourage the invention or patenting of new products and processes. State plug molding statutes neither add to nor subtract from rights which may be obtained for new processes.

this case is whether the law withdraws ideas from the public domain. *Quick Point*, 440 U.S. at 264 (included in a discussion of the dicta in *Lear, Inc. v. Adkins*, 395 U.S. 653, 670-671 (1969)). As is frequently pointed out, there is a difference between an idea and the expression of that idea. In the case of boats — the mental concept of the boat design is the "idea," whereas the expression of that idea is the actual boat itself. Plug molding statutes do not prevent use of the mental concept of the design to create a copy, nor, in fact, does it prevent expression of the idea. It only precludes a particular manner of creating an expression of the idea determined to be unfair or unethical. Thus, no ideas are withdrawn from the public domain, and there is no conflict between the plug molding statutes and the patent laws. Any impingement on the patent laws which might be asserted is certainly no greater than that in the state laws upheld in *Kewanee* and *Quick Point*.

Similar considerations underlay this Court's upholding of the California piracy statute at issue in *Goldstein*. As stated by this Court in that case:

> The challenged California statute forbids petitioners from transfering any performance fixed on a tape or record onto other records or tapes with the intention of selling the duplicates, unless they have first received permission from those who, under state law, are the owners of the master recording. Although the protection afforded to each master recording is substantial, lasting for an unlimited time, the scope of the proscribed activities is narrow. No limitation is placed on the use of the music, lyrics or arrangement employed in making the master recording. Petitioners are not precluded from hiring their own musicians and artists and

> recording an exact imitation of the performance embodied on the master recording. Petitioners are even free to hire the same artists who made the initial recording in order to duplicate the performance. In essence, the statute thus provides copyright protection solely for the specific expressions which comprise the master record or tape.

Goldstein, 412 U.S. at 550-551.

State plug molding statutes do not prevent imitation or even exact copying of a manufactured item through fair means. A competitor can measure a manufactured item, prepare a wood or clay model from those measurements, and use that model to produce a mold. The competitor is free to make and sell an exactly duplicate product if that competitor is willing to go to the effort and expense required to do so by lawful means. State plug molding statutes only prevent a manufacturer from unfairly avoiding the expense of independently producing its own mold.

B. Federal Copyright Laws Do Not Preempt State Plug Molding Statutes.

The decisions reported thus far in this case have not raised an issue of preemption by the federal copyright statutes. However, a noted academic commentator has argued that state plug molding statutes are preempted by 17 U.S.C. § 301. Brown, *Design Protection: An Overview*, 34 U.C.L.A.L. Rev. 1341, 1392-1393 n. 230 (1987).[15] The

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[15]Professor Brown framed the issue as whether a state could proscribe a technique of copying, and outlined an argument as follows: "Congress, having excluded the shape of useful objects from copyright, while providing for them in design patent, ratified the position of *Sears-Compco* that states could not prevent the copying of articles unprotected by copyright or patent. The Plug Mold law operates as an impediment (though not a barrier) to copying." *Id.* However, Professor

federal copyright statutes expressly allow state laws to cover a broad scope of matters not addressed by Congress, thus adding strength to the argument that Congress has not attempted to fully occupy the field, but has left power with the states to also legislate in the field of intellectual property. The boundaries of federal preemption under the copyright laws are specified in 17 U.S.C. § 301(b) as follows:

> Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to—
>
> (1) subject matter that does not come within the subject matter of copyright as specified by sections 102[16] and 103[17], including works of authorship not fixed in any tangible medium of expression; or
>
> (2) any cause of action arising from undertakings commenced before January 1, 1978; or
>
> (3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within

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Brown goes beyond the federal preemption issue, and challenges the wisdom of state plug molding statutes by arguing that "the simple restriction of 'plug mold' laws is nothing more than an inefficient roadblock; it raises costs for imitators and does nothing for consumers if all the market wants is the exact same thing only cheaper." *Id.*, 34 U.C.L.A.L. Rev. 1394. Questions concerning the efficiency of state statutes, and their effect on consumers, should be left to the state legislatures, and should not be considered by this Court in deciding an issue of federal preemption.

[16]The subject matter of federal copyright is broadly defined in 17 U.S.C. § 102(a) as "original works of authorship fixed in any tangible medium of expression."

[17]Compilations and derivative works are included within the subject matter of federal copyright by 17 U.S.C. § 103.

> the general scope of copyright as specified by section 106[18]

The first step in considering federal preemption under the copyright laws, as specified in 17 U.S.C. § 301(b)(1), is to evaluate whether the challenged state law covers subject matter which comes within the subject matter of copyright. The subject matter of federal copyright is very broad, and includes many types of three-dimensional works which might be duplicated by plug molding. However, the copyright statute, in 17 U.S.C. § 101, narrowly specifies the subject matter of protection for useful articles to the design of such articles "*only* if, and *only to the extent that*, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article." (emphasis added)[19]

It is significant that Congress defined the subject matter for federal copyright so as to leave many useful objects entirely outside the subject matter. Specifically, the shapes of boat hulls would be expected to not have any independent and separable features that would be the subject of federal copyright. A noted treatise has surveyed the legislative history of the federal copyright law and concluded that either physical or conceptual severability[20] of the artistic features

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[18]Exclusive rights to copyrighted works are granted by 17 U.S.C. § 106 to (1) reproduce the works as copies, (2) prepare derivative works based on the copyrighted works, (3) to distribute copies of the work, (4) to perform certain types of works publicly, and (5) to display certain types of works publicly.

[19]This limitation on copyright protection for useful articles is contained in the definition of "pictorial, graphic, and sculptural works" in 17 U.S.C. § 101.

[20]Physical severability is discussed in a case refusing copyright registration to the shape of an outdoor lighting fixture, devoid of

would suffice. 1 M. Nimmer & D. Nimmer, Nimmer on Copyright § 2.08[B][3]. The treatise authors suggest the following standard: "conceptual separability exists where there is any substantial likelihood that even if the article had no utilitarian use it would still be marketable to some significant segment of the community simply because of its aesthetic qualities." *Id.* Applying the proposed standard to boat hulls as protected by the Florida statute considered in this case, it is submitted that if boat hulls were not to be used as such, they would not be marketable for any aesthetic qualities, and thus would not be copyrightable.

A state law prohibiting product imitations was found to not be preempted for useful articles which did not satisfy the federal requirement for independent or separable features in *Vermont Castings, Inc. v. Evans Products Co.*, 215 U.S.P.Q. (BNA) 758 (D. Vt. 1981).[21] Even if a particular boat hull feature was both independent and separable, only that feature would be copyrightable subject matter, and the state law could be construed narrowly to pertain only to the

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ornamentation or decoration. *Esquire, Inc. v. Ringer*, 591 F.2d 796 (D.C. Cir. 1978). Conceptual severability is discussed in a case which found decorative belt buckles used as jewelry to be copyrightable. *Kieselstein-Cord v. Accessories by Pearl, Inc.*, 632 F.2d 918 (2d Cir. 1980). Both *Esquire* and *Kieselstein-Cord* were decided under the federal copyright statute which preceded the current federal copyright statute.

[21]The state law theory of liability in *Vermont Castings* appears to have been a matter of "common law trademark infringement," and both state law claims and federal trademark claims survived a motion for summary judgment. The court concluded its copyright preemption analysis with the statement that "the design features are inseparable from the overall configuration of the stoves. Because copyright protection would not extend to these features, there can be no preemption under [17 U.S.C.] § 301 of the Copyright Act of common law remedies for protection." *Id.* at 763.

useful article (boat hull) and not to the particular feature, and thus to avoid federal preemption. In compliance with 17 U.S.C. § 301, if boat hulls are not copyrightable subject matter, then the inquiry is ended, and there is no preemption under the federal copyright laws for the Florida boat hull molding statute. There are no facts before this Court to suggest that the Florida statute is being applied to a boat hull design which is included within the subject matter of federal copyright law. However, in the interest of full evaluation, a second step is discussed below.

The second step defined by 17 U.S.C. § 301(b)(3) is an evaluation of whether the Florida plug molding statute provides rights which are "not equivalent to any of the exclusive rights within the general scope of copyright." Professor Goldstein has reviewed the legislative history of the federal copyright statute, and concluded that it is an open question whether an action based on a claim of "misappropriation" was intended to be preempted, and argues that it would be inconsistent with the legislative history to presume that misappropriation remedies would be "equivalent" for purposes of 17 U.S.C. § 301(b)(3).[22] Goldstein, *Preempted State Doctrines, Involuntary Transfers and Compulsory Licenses: Testing the Limits of Copyright*, 24 U.C.L.A.L. Rev. 1107, 1118-1119 (1976). The right provided by the Florida statute is the exclusive right of a boat hull maker to prevent others from using its boat hulls as plugs to make molds for the further molding of boat hulls.

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[22]Another commentator reviewing the legislative history of 17 U.S.C. § 301 refers to it as a "naive and simplistic preemption scheme" and concludes that "nothing definitive can be said about the current status of the misappropriation doctrine in light of § 301." Abrams, *Copyright, Misappropriation, and Preemption: Constitutional and Statutory Limits of State Law Protection*, 1983 Sup. Ct. Rev. 509, 580, 575 (1983).

One court has found that an "implicit provision" in an agreement, under state law, governing the permissable uses for architectural plans was not preempted by the federal copyright law, even though the plans were copyrighted. *Acorn Structures Inc. v. Swantz*, __F.2d__, 6 U.S.P.Q.2d (BNA) 1810, 1812 (4th Cir. 1988). The "implicit provisions" were found to not arise out of the subject matter of copyright, and therefore were not preempted since the state law claim was a separate and distinct cause of action. *Id.* at 1812. Similarly, state plug molding statutes limit the uses of manufactured items (i.e., imposing limitations on uses of such items as direct contact plugs for molding), a separate cause of action not arising out of the subject matter of copyright.

A test has been proposed for copyright preemption asserting a requirement that an "extra element" be present, beyond the elements of a federal cause of action, in order to support a state cause of action. 1 M. Nimmer & D. Nimmer, Nimmer on Copyright § 1.01[B][1] at 1-12 (1988)[23] This "extra element" test has been applied by some courts to strike down state causes of action which were based on the same qualitative claims as federal copyright.[24]

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[23]The Nimmer treatise cites a large number of cases applying 17 U.S.C. § 301, some finding and others avoiding preemption, and concludes that if an act governed by federal copyright law will *in itself* infringe the state law, then the state law is preempted; but there is no preemption if the state law requires *other elements*. *Id.* at 1-12. Copying a manufactured item (such as a boat hull) will not *in itself* violate a state plug molding statute, the *other element* of direct contact molding is required under such state laws.

[24]In *Mayer v. Josiah Wedgwood & Sons, Ltd.*, 601 F. Supp. 1523, 1535 (S.D.N.Y. 1985), a claim for conversion of a design, through unauthorized reproduction, of a snowflake on a Christmas ornament was found to be preempted by the federal copyright laws. The *Mayer* court found that merely pleading "commercial immorality" would not suffice

The important "extra element" of state plug molding statutes is the requirement of the use of *direct contact* between the item which is protected and the mold which is created. This element of *direct contact* is not an element required by the federal copyright statutes, represents a distinct cause of action, and yields rights not equivalent to copyright. The state plug molding statutes are properly focused on the protection of the moldmaker's investment, govern the creation and use of molds by unfair methods, and require moldmaking by *direct contact* as an element of a claim, unlike federal copyright.

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to establish the needed "extra element" to avoid preemption. *Id.* at 1535. In a case denying a state unfair competition ("breach of fiduciary duty") claim on the merits, a court has also found federal preemption under the copyright laws. *Del Madera Properties v. Rhodes & Gardner, Inc.*, 820 F.2d 973, 977 (9th Cir. 1987). However, the court in *Del Madera* noted that the basis for the state law claim was that the defendant had furnished certain documents and information to a third party, and thus the claim did not add any "extra element" to those required for a copyright claim asserting rights of reproduction, preparation of derivative works, distribution, or display. *Id.* at 977. Both *Mayer* and *Del Madera* cited the decision in *Harper & Row* which held that a state tort law claim merely adding an element of awareness or intent would not avoid preemption under 17 U.S.C. § 301. *Harper & Row, Publishers v. Nation Enterprises*, 501 F. Supp. 848 (S.D.N.Y. 1980). *Harper & Row* found state law claims of "conversion" and "tortious interference with contract" to be preempted when the essence of the claim, the unauthorized publication of information from the unpublished memoirs of former President Ford, involved rights which were equivalent to the exclusive rights to reproduce and distribute a copyrightable work. *Id.* at 852, 853. The decisions in the *Mayer*, *Del Madera* and *Harper & Row* cases focus on considerations of "awareness" or "intent" in state law claims, considerations which are different from those involved in state plug molding statutes.

This Court, in its celebrated decision in *Int'l News Service v. Associated Press*, 248 U.S. 215 (1918), concluded that an "unfair competition" claim based on common law rights dealing with the "facilities and *processes* of [newspaper] publication"(emphasis added) would not be foreclosed even if the benefits of the copyright act were waived. *Id.* at 234-235. *INS* was a case allowing common law protection for the news contents of a newspaper, and framed the issue as "whether one who has gathered general information or news at pains and expense for the purpose of subsequent publication through the press has such an interest in its publication as may be protected from interference" and concluded that "in appropriating it [news material] and selling it as its own [, the defendant] is endeavoring to *reap where it has not sown*, and by disposing of it to newspapers that are competitiors of complainant's members is appropriating to itself the harvest of those who have sown." (emphasis added) *Id.* at 237, 239-240. The Court further noted that such unfair competition "divert[s] a material portion of the profit from those who have earned it to those who have not; with special advantage to defendant in competition because of the fact that it is *not burdened with any part of the expense* of gathering the news." (emphasis added) *Id.* at 240. *INS* has been cited to support state law protection for a competitive advantage in a printed book, despite the words of the book being uncopyrightable and in the public domain. *Grove Press v. Collectors Publication, Inc.*, 264 F. Supp. 603, 607 (C.D. Cal. 1967).[25] *INS* was

[25] *Grove Press* found actionable unfair competition when the Defendant made a photographic copy of the Plaintiff's book, even though the book copied the words of an earlier book which was found to be in the public domain. The court in *Grove Press* found it significant that the Plaintiff's book was not merely copied from the public domain, but was the result of the Plaintiff spending substantial sums in setting the type and engraving the printing plates, and that the Defendant would gain an unfair competitive advantage by simply photographically reproducing the Plaintiff's book without making such expenditures. *Id.* at 606-607.

recently cited with approval and applied by this Court in *Carpenter v. U.S.*, __U.S.__, 108 S.Ct. 316 (1987) (concerning the use of Wall Street Journal stories prior to publication for stock market trading). The decision in *Carpenter* was cited as the basis for upholding a RICO count, which alleged a misappropriation of trade secrets, in *Formax, Inc. v. Hostert*, 841 F.2d 388, 390 (Fed. Cir. 1988).

The kind of protection and rights recognized in *INS* are similar to the kind of protection and rights granted by state plug molding statutes. The creators of molded products are burdened with the costs of creating molds, but unauthorized plug molders can *reap where they have not sown* by making molded products through the unfair *process* of direct contact molding, and are *not burdened with any part of the expense* of creating a mold. This well recognized form of unfair competiton protection is different from the kinds of rights granted in federal patents or copyrights, and is well within the power of state legislatures to grant or not grant, as each state determines based on its local decisions.

CONCLUSION

The opinion of the Florida Supreme Court should be reversed, and this Court should rule that Fla. Stat. Ann. § 559.94 (West 1988) is not preempted by federal statutes.

Respectfully submitted.

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APPENDIX I

INTEREST OF AMICI CURIAE

This brief amici curiae is submitted on behalf of the Orange County Patent Law Association and the Los Angeles Patent Law Association.

The Orange County Patent Law Association (OCPLA) is an organization in Orange County, California of lawyers and other individuals interested in patent, copyright, trademark and other intellectual property laws. The OCPLA has approximately 100 individual members, and produces educational meetings and seminars covering a variety of legal topics of current interest involving intellectual property matters, and featuring presentations by judges, private attorneys, and both federal and state government administrators. The OCPLA is a member of the National Council of Patent Law Associations, a nationwide umbrella organization of similar local intellectual property law associations.

The Los Angeles Patent Law Association (LAPLA) is an organization of approximately 450 members, all of whom specialize in the practice of patent, trademark or copyright law and are members of the Bar of the State of California or are registered to practice before the United States Patent and Trademark Office as Patent Attorneys or agents. All but a few of its members practice in the Los Angeles, California area. The LAPLA, founded in 1934, currently meets about eight times each year to hear presentations of one or more papers of professional interest. Members of the Association in recent years have served as officers and directors of comparable state and national associations. The LAPLA is also a member of the National Council of Patent Law Associations.